

INCREASING EUROPEAN FURNITURE IMPORTS REVEAL INDUSTRY CHANGES

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The European Union's furniture imports are increasing rapidly. In 2000, EU furniture imports reached a record \$12.3 billion, up from \$9.9 billion in 1998. Of this total, nearly one half was made of wood.¹

Between 1998 and 2000, EU imports of wood-based furniture grew from \$4.6 billion to over \$5.5 billion, representing an increase of over 20 percent.

Part of the European Union's demand for imported furniture is the result of a growing economy and strong consumer demand. Throughout 1999 and 2000, European consumer demand reached levels not seen in years. Along with rising furniture imports, domestic EU furniture production grew from a healthy \$70 billion (78 billion Euros) in 1999 to \$73 billion (81 billion Euros) in 2000.

However, the EU's appetite for imported furniture also reflects long-term changes in the furniture manufacturing business. Over the last several years, capital investment has been flowing into countries with lower labor costs, where furniture and furniture parts are manufactured and exported back to the European Union.

Designers in Italy or Germany may still be determining the next trends in furniture design, but an increasing amount of the furniture is being manufactured in countries

such as Indonesia and China. Between 1998 and 2000, EU imports of wood-based furniture from China more than doubled, reaching \$348 million in 2000. Wood-based furniture imports from Indonesia grew from \$412 million in 1998 to \$555 million in 2000. Over the same period, imports from Malaysia increased nearly 70 percent, amounting to \$219 million.

By far the largest beneficiary of the shift in furniture production has been Poland. In 1998, Poland exported \$1.16 billion of wood-based furniture to the European Union, accounting for 25.4 percent of the EU's import market. In 2000, Polish manufacturers exported a record \$1.29 billion of wood-based furniture to the European Union. This may be an avenue for increasing U.S. exports to the European Union since U.S. exporters shipped less than \$5 million worth of solid wood products direct to Poland in 2000.²

¹For the purposes of this article, wood-based furniture includes upholstered furniture with wood frames, but excludes bamboo. Wood-based furniture is defined to include products traded under the following harmonized tariff codes: 940360, 940390, 940350, 940330, 940340, 940169, 94019030, 94016100, and 94014000.

²U.S. hardwood exporters shipped more than \$523 million of hardwood lumber and more than \$184 million of hardwood veneer to the European Union in 2000.

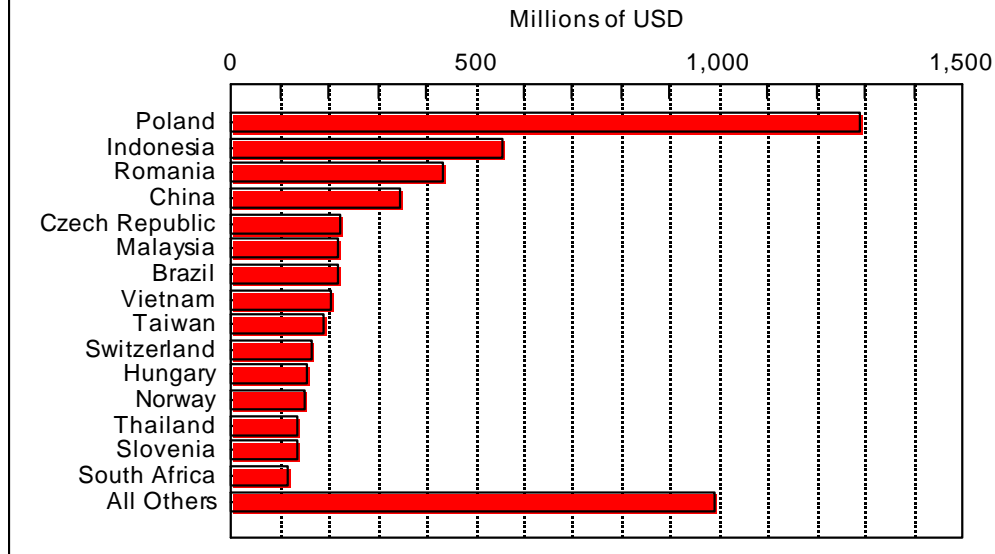
EU Wood-Based Furniture Imports

(Millions of U.S. Dollars)

Country	1998	1999	2000
World	4,559	5,108	5,531
Poland	1,158	1,212	1,292
Indonesia	412	496	555
Romania	411	424	433
China	170	244	348
Czech Republic	210	213	223
Malaysia	129	176	219
Brazil	165	183	217
Vietnam	129	152	203
Taiwan	163	203	191
Switzerland	155	181	164
Hungary	139	149	156
Norway	151	167	150
Thailand	75	110	137
Slovenia	133	147	134
South Africa	105	127	117
United States	106	110	104
Estonia	94	102	102
Lithuania	42	63	85
Slovakia	76	66	72
India	52	62	72

Source: World Trade Atlas Data

EU Wood-Based Furniture Imports in 2000

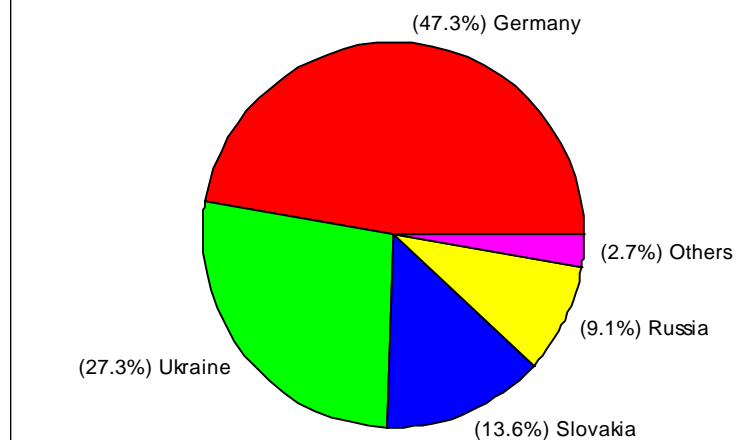


Implications

There is no doubt that EU producers still manufacture the majority of their own furniture. However, globalization in the furniture industry has become a fact of life, presenting opportunities and challenges for the U.S. wood products industry. In particular, U.S. lumber and veneer exporters need to be aware of the trends, and prepare to supply manufacturers wherever they may be located. While U.S. hardwood exports have experienced phenomenal growth to China³ and other countries in Southeast Asia, there remains the ever-present danger that locally available species may eventually be substituted for American hardwoods, particularly as consumer tastes and trends change. The U.S. hardwood industry must not only

influence tastes and preferences in markets such as the European Union, but must aggressively seek and provide support to manufacturers outside Europe who are less familiar with American species.

Polish Hardwood Lumber Imports in 2000



³U.S. hardwood lumber exports to China and Hong Kong grew from \$66 million in 1998 to \$123 million in 2000.